

Talon Petroleum Limited

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Angus Douglas
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ASX Code: TPD



Investor Presentation

28 - 29 May 2013

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- The reserves referred to on slides 3, 9 and 12 were assessed by Netherland, Sewell & Associates, Inc. Netherland, Sewell & Associates, Inc. are qualified in accordance with ASX Listing Rule 5.11 and have consented to the form and context of the reserves shown in this presentation.

TALON IS BUILDING FOR SUCCESS

Significant Corporate Events:

- Talon Demerger – Implemented 7 March 2013
- Refreshed Board and Key Personnel

Assets:

- Cash – \$8.5mm AUS (31 March 2013)
- Reserves – 1.32mboe (as per NSAI – 1 August 2012)***
- Production – since 1 August 2012 – 0.01mboe
- Production – 27bopd** (for March 2013 Quarter from Wheeler #1 and Hoskins #2)
- Acreage – 15,061* net working interest acres of which 10,209* acres are in East Texas and 3,679 acres are in MR Olmos South Texas with the remainder in legacy leases (1,173)

*Wandoo Energy, LLC option **Talon's beneficial NRI share after royalties is 19 bopd ***See page 2

TALON'S STRATEGY

Refresh Board and key personnel

- New Board with Financial, Capital Markets, Legal, and Technical experience added.

A focus on low risk oil prospects that exhibit development risk profile

- A very low risk of drilling a dry hole – targeting a success factor of > 75%

Technology driven focus to identifying prospects

- Modern extraction methods have led to increased recoveries at a reduced overall cost per barrel.
- The Talon team believe that a number of existing and known fields that were previously uneconomic, are now economic with the application of modern technologies

Mature infrastructure areas – ‘old fields’

- Prospects are located in and among fields that have been abandoned or are in the very mature stage of their productive life. These areas have good access to pipelines, roads and electricity
- Lower capex and faster time to market

Asset leverage funding strategy

- Talon plans to build a portfolio of prospects with large equity positions with material value upside potential upon success. Where Talon does hold large equity positions, the potential exists to farm-out these prospects and still retain material equity positions. Talon is currently examining partial sale and farm-out options, which if successful, will result in an expanded work program on its Olmos and other projects.

TALON'S NEW LEADERSHIP

- Chairman* – Jeff Forbes brings 30 years of corporate financial experience and recently retired as Director, Chief Financial Officer, and Company Secretary of Cardno Limited;
- President/CEO/Managing Director – Clifford S. Foss brings 40 years of technical management with extensive experience in oil and gas basins in the USA;
- Director – Angus Douglas brings 45 years of investment industry experience and is currently Senior Investments Advisor with RBS Morgans;
- Director* – Bruce Cowley is a Senior Corporate Law Partner with Minter Ellison specializing in corporate governance;
- Director – David Mason brings 30 years of experience in the oil and gas industry and is currently Chairman of Wandoo Energy, LLC.

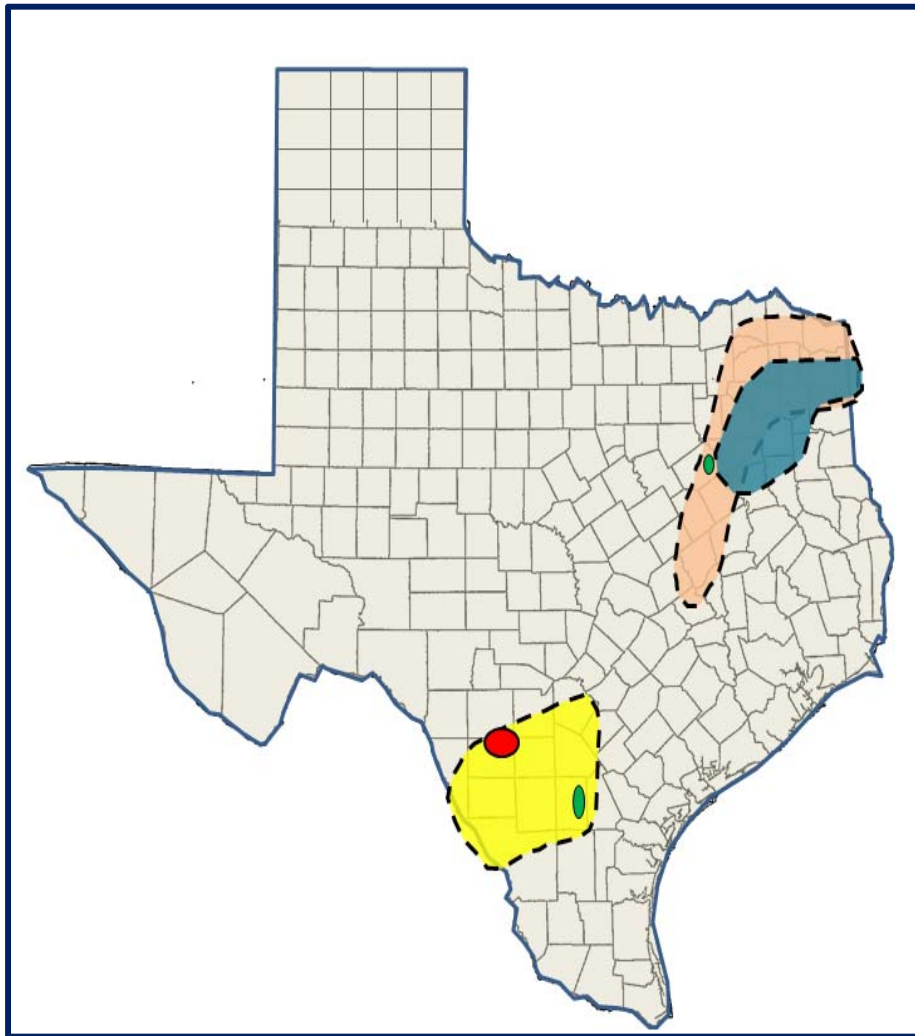
*The appointments of Mr. Forbes as Chairman and Mr. Cowley as Director are effective from the end of the Annual General Meeting

TALON FOLLOWS STRATEGIC PLAN




- ✓ Board and Corporate Staff Refreshed
- ✓ Advancing two oil projects to drillable status
- ✓ Continue to build inventory of oil prospects
- ✓ Leverage from large Working Interest in each project
- ✓ Proof of concept drilling program advanced in line with expectations on two prospects – Roundhouse (East Texas) and MR Olmos Horizontal (South Texas)

ATTRACTIVE PORTFOLIO OF LIQUID-RICH OPPORTUNITIES




Diversified across the heartland of US oil production



East Texas Prospect Area

-  Cotton Valley Lime & Sand Prospects
 -  - Roundhouse – ready to drill
 - Aldinga*
 - Henley *
-  Rodessa Prospects
 - Redfish
 - Catfish Creek
 - East Banks

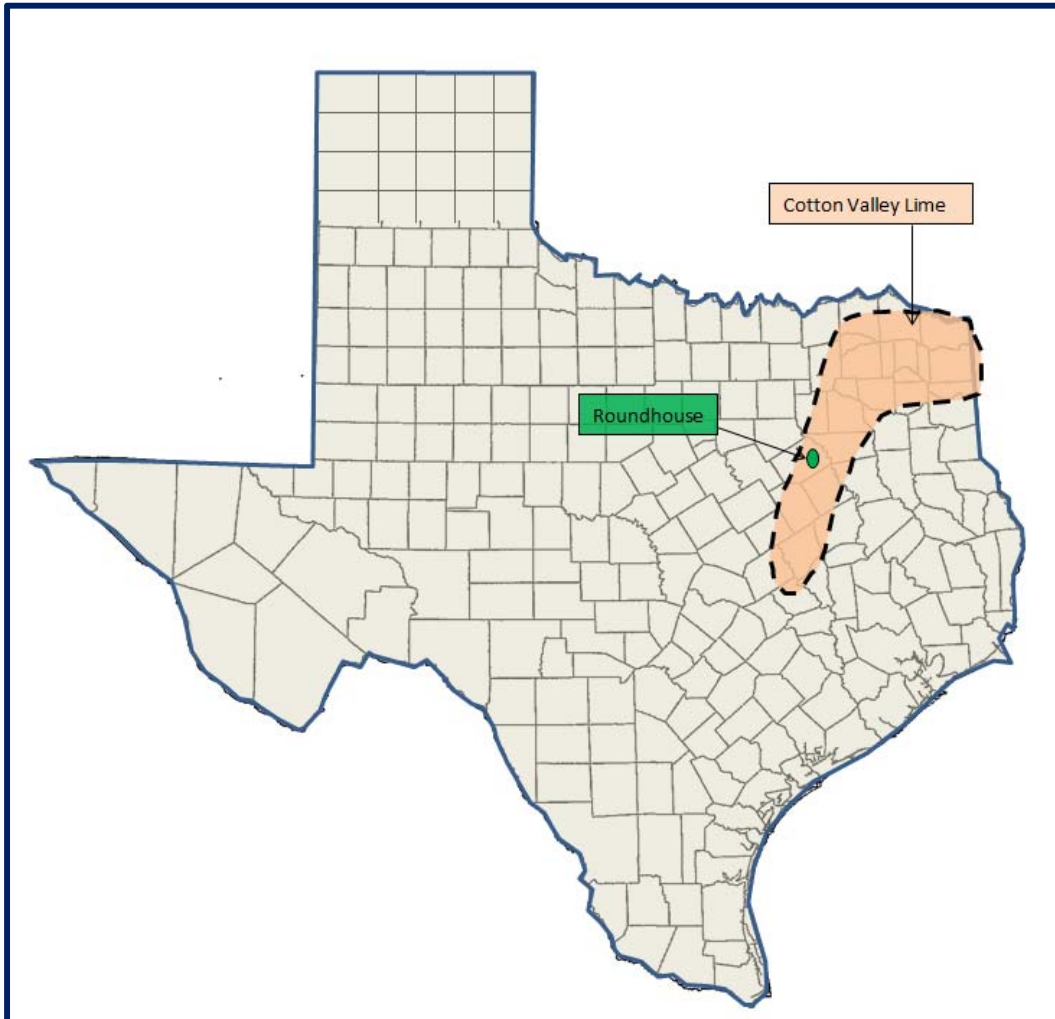
South Texas Prospect Area

-  Austin Chalk Prospect
 -  - Willunga*
-  Mosman-Rockingham Olmos Oil Development
 - Ready to drill

**Not leased*

ROUNDHOUSE PROSPECT – NAVARO COUNTY, TEXAS

Scalable, lower risk resource potential with direct offset analogue



- Large lease block (9,994 gross acres)
- 7,380* Talon net acres
- Offsets 3MMboe Cheneyboro field
- Scalable multi-well potential
- 160 acre horizontal multi-frac wells
- 10-15mmboe Talon Potential Resource

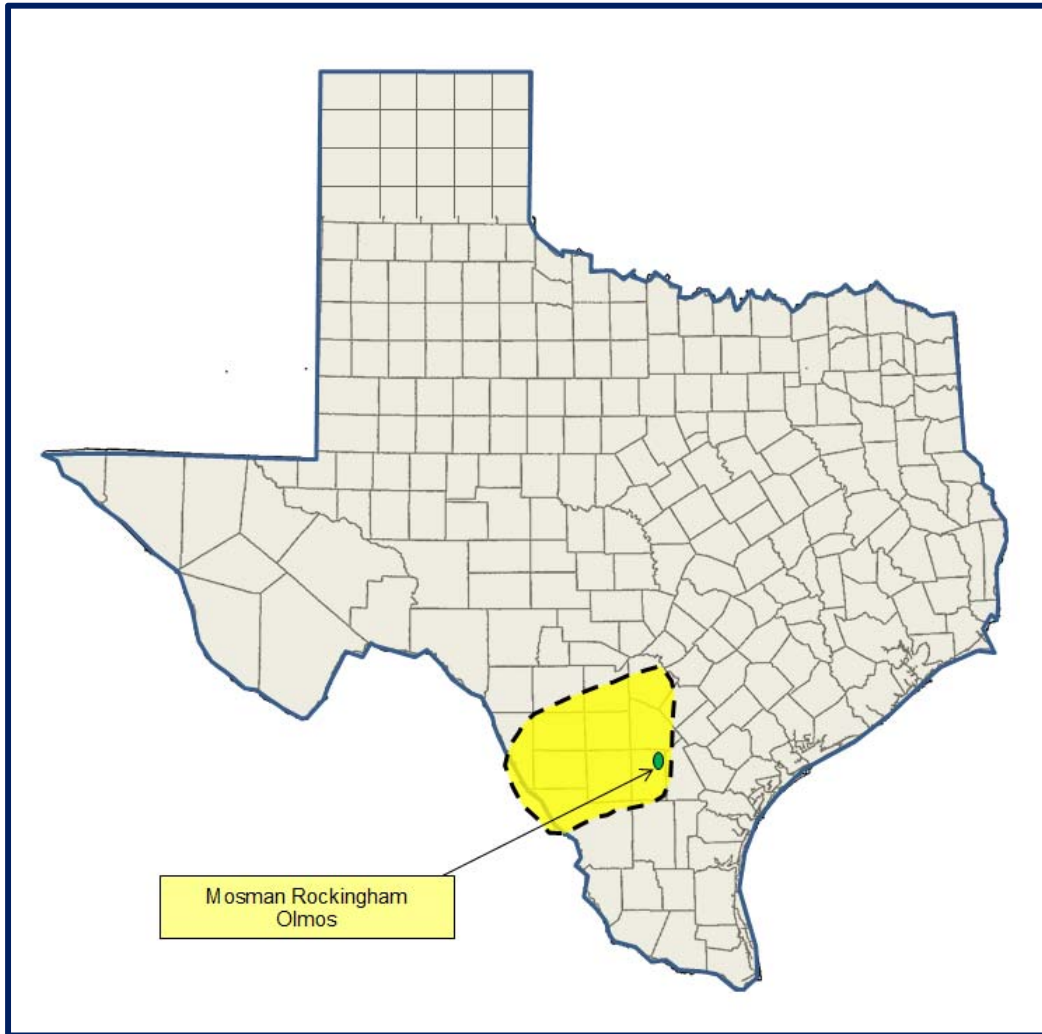
Talon Development Estimates	CVL
Talon Net Acres	7,380*
Well spacing (acres)	160
Potential net undeveloped locations	46
Well cost (horizontal)	\$6.0m
Estimated well recovery	435mboe
Estimated NPV per well	\$4.9mm
IRR	57%

*Subject to Wandoo Election

**Calculated using a constant price scenario

SOUTH TEXAS ASSET – McMULLEN COUNTY, TEXAS

Production & reserves with low risk development potential



- Talon operated project, Gross acres 3,816, Net acres 3,679
- Austin Chalk, Olmos, and Wilcox reservoirs
- Two producing wells (27 bopd*)
- Total reserves of 1.33MMboe (as per NSAI – 1 Aug 2012)**
- New 3D seismic
- 15 potential Olmos horizontal well locations using 120 ac spacing which replaces a 29 well vertical development plan based on 40 acre spacing
- Estimated 5.25MMboe potential rather than previously noted 3MMboe in vertical drilling program
- Progressing sell down & farm-out options to fund further work

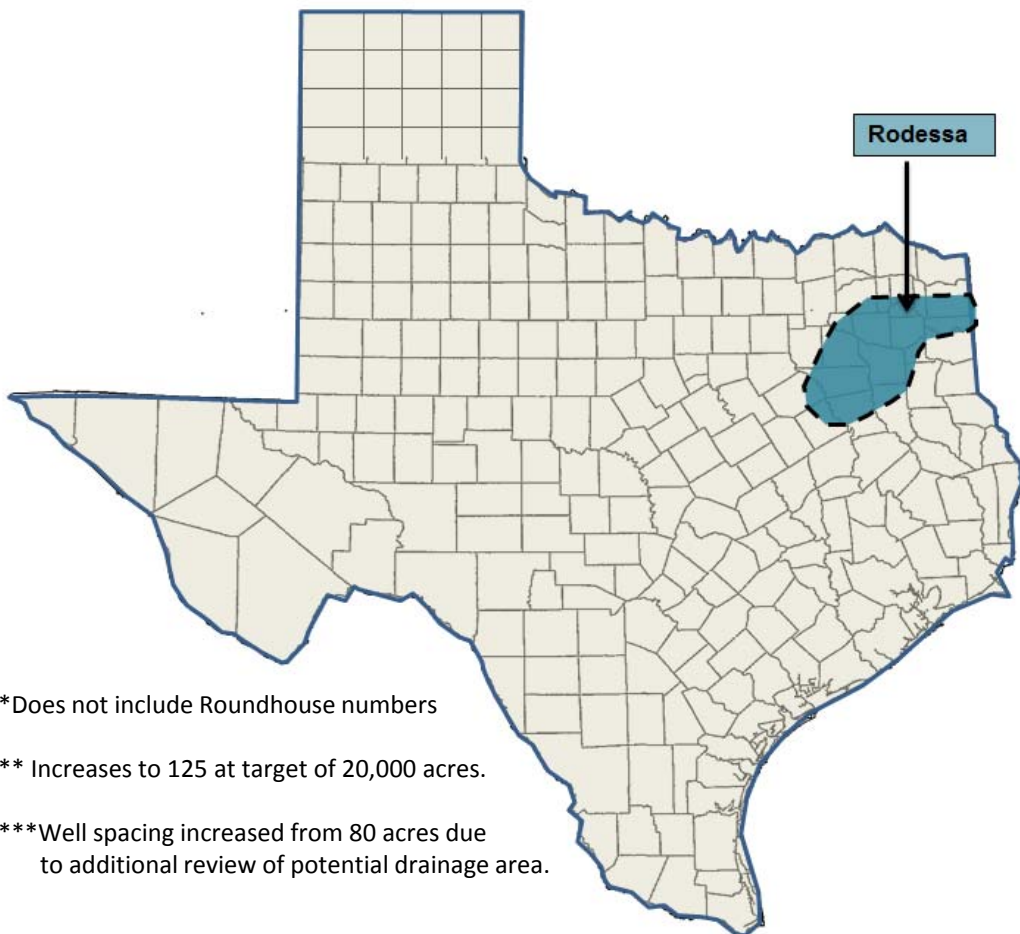
* March 2013 Quarter average. Talon's Beneficial NRI share after royalties is 19 bopd.

Talon Development Estimates	Olmos
Talon gross prospective acres	1,800
Well spacing (acres)	120
Potential undeveloped Olmos locations	15
Well cost gross	\$5.9m
Estimated well potential (Mboe)	350
Estimated NPV per well	\$9.2m
IRR	>100%

**See page 2

RODESSA – EAST TEXAS

Scalable multi-well potential with leasing planned



*Does not include Roundhouse numbers

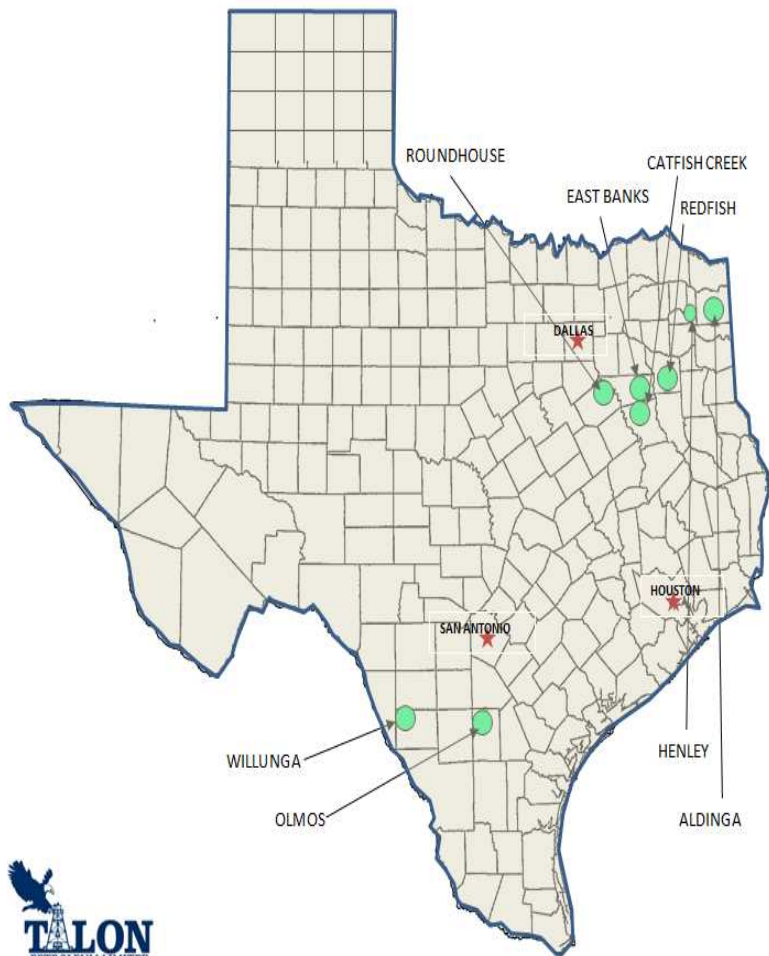
** Increases to 125 at target of 20,000 acres.

***Well spacing increased from 80 acres due to additional review of potential drainage area.

- Talon operated and 97% WI
- Prospects include Catfish Creek, East Banks & Redfish
- Foothold leases in hand of 2,829* net acres
- Targeting 20,000 acres
- Scalable multi-well potential
- Horizontal multi-frac wells
- Continued leasing planned, examining farm-out opportunities

Talon Development Estimates	Rodessa
Talon Net Acres	2,829*
Well spacing (acres)	160 ac***
Potential net undeveloped locations	18**
Well cost (horizontal) gross	\$6.5m
Estimated well recovery (Mboe)	250 - 400
Estimated NPV per well	\$3.1m
IRR	42%

TALON PETROLEUM'S OIL PROSPECTS



Legacy conventional gas prospects (Angourie, Coolangatta, Scarborough and Sunshine) have been placed on hold until natural gas markets improve.

- 8 Prospects
- 2 Ready to drill – Roundhouse, Olmos Horizontal
- 3 Partially Leased
- 3 Early Stage

Total Resource Potential of Prospects:

69,950,000 BOE (Gross)

38,287,500 BOE (Net)**

Prospect		Gross Potential	Talon's Potential	Assumed
Name	Target	BOE	BOE	WI
OLMOS HORIZONTAL	Olmos	5,250,000	3,937,500	23.75-71.25% *
ROUNDHOUSE	CV Lime	16,000,000	10-15,000,000	25-100%
ALDINGA***	CV Lime	5,600,000	2,800,000	50% **
HENLEY***	CV Lime	3,200,000	1,600,000	50% **
CATFISH CREEK	Rodessa	21,000,000	10,500,000	50% **
EAST BANKS	Rodessa	8,800,000	4,400,000	50% **
REDFISH	Rodessa	7,800,000	3,900,000	50% **
WILLUNGA***	Austin Chalk	2,300,000	1,150,000	50% **
TOTAL		69,950,000	38,287,500	

* Based - 1st well @ 23.75% WI and others @ 71.25% WI

** Assumed Talon position post future sell downs and after leasing

*** Not leased as of 20/5/13



TALON'S FORWARD PLAN

- ✓ New Talon Team in place
- ✓ \$8.5mm Cash (31 March 2013)
- ✓ 27bopd* (for March 2013 Quarter)
- ✓ 1.33mboe 3-P Reserves (as per NSAI – 1 August 2012)**
- ✓ Early focus on East Texas Roundhouse Prospect – Planned Test 2nd Quarter 2013
- ✓ Olmos MR Project Well planned 3rd or 4th Quarter 2013
- ✓ High-Grading additional Oil Prospects for leasing 4th Quarter 2013

**Talon's beneficial NRI share after royalties is 19 bopd*

*** See page 2*